

## NOTICES OF PROPOSED RULEMAKING

Unless exempted by A.R.S. § 41-1005, each agency shall begin the rulemaking process by first submitting to the Secretary of State's Office a Notice of Rulemaking Docket Opening followed by a Notice of Proposed Rulemaking that contains the preamble and the full text of the rules. The Secretary of State's Office publishes each Notice in the next available issue of the *Register* according to the schedule of deadlines for *Register* publication. Under the Administrative Procedure Act (A.R.S. § 41-1001 et seq.), an agency must allow at least 30 days to elapse after the publication of the Notice of Proposed Rulemaking in the *Register* before beginning any proceedings for making, amending, or repealing any rule. (A.R.S. §§ 41-1013 and 41-1022)

### NOTICE OF PROPOSED RULEMAKING

#### TITLE 4. PROFESSIONS AND OCCUPATIONS

#### CHAPTER 16. ARIZONA MEDICAL BOARD

[R05-155]

#### PREAMBLE

**1. Sections affected**

R4-16-101  
R4-16-401  
R4-16-401  
R4-16-402  
R4-16-402  
R4-16-403

**Rulemaking Action**

New Section  
Repeal  
Amend  
Renumber  
Amend  
Renumber

**2. The statutory authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):**

Authorizing statute: A.R.S. § 32-1404(D)  
Implementing statute: A.R.S. § 32-1456(B) and (D)

**3. A list of all previous notices appearing in the Register addressing the proposed rule:**

Notice of Rulemaking Docket Opening: 11 A.A.R. 1724, May 13, 2005

**4. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:**

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Please visit the board web site to track progress of this rule and any other agency rulemaking matters at [www.azmdboard.org](http://www.azmdboard.org).

**5. An explanation of the rule, including the agency's reasons for initiating the rule:**

In this rulemaking the Board takes the following actions:

- a. To move Article 4's single definition under R4-16-401 into lead Chapter 16 Section R4-16-101 for definitions applicable to the entire Chapter;
- b. To renumber remaining Article 4 Sections as R-4-16-401 and R4-16-402 for efficiency after moving the definition to Article 1;
- c. To update the incorporation by reference of the Commission on Accreditation of Allied Health Education Program's "Standards and Guidelines for an Accredited Educational Program for the Medical Assistant" to reflect the 2003 published standards that expands a medical assistant's duty competencies; and
- d. To make other lexical, stylistic, or syntactical changes that reflect current publication standards of the Governor's Regulatory Review Council and the Secretary of State.

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This rulemaking arises from a promised action in a five-year rule review (F-05-0502) approved by the Governor's Regulatory Review Council on May 3, 2005.

**6. A reference to any study relevant to the rule that the agency reviewed and either proposes to rely on or not rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:**

The Board will not rely on any study in this rulemaking.

**7. A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:**

Not applicable

**8. The preliminary summary of the economic, small business, and consumer impact:**

The material incorporated by reference effectively expands a medical assistant's medical office functionality providing for increased duty competency in the following areas:

- a. Medical transcription;
- b. Specimen collection;
- c. Patient care test screening and follow-up;
- d. Knowledge of federal and state healthcare regulations; and
- e. Application of quality control methods.

It is assumed that the additional medical assistant competencies will not cause increase in training time or financial burden. The benefit is that the medical assistant becomes more versatile in a busy medical office setting to free higher cost professionals from tasks that may now be performed more cost effectively by a medical assistant. The result to the consumer is preservation of primary healthcare services at the lowest possible overhead cost.

**9. The name and address of agency personnel with whom persons may communicate regarding the accuracy of the economic, small business, and consumer impact statement:**

An interested person may communicate with the agency official listed in item #4 concerning the economic impact statement.

**10. The time, place, and nature of the proceedings for the making, amendment, or repeal of the rule, or if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:**

No oral proceeding is scheduled for this rulemaking. A person may make a request for an oral proceeding by notifying the agency official listed in item #4. If no oral proceeding is requested, the public record for this rulemaking will close at 4:30 p.m. on June 17, 2005.

**11. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:**

Not applicable

**12. Incorporations by reference and their location in the rules:**

None

**13. The full text of the rules follows:**

**TITLE 4. PROFESSIONS AND OCCUPATIONS**

**CHAPTER 16. ARIZONA MEDICAL BOARD**

**ARTICLE 1. GENERAL PROVISIONS**

Section

R4-16-101. ~~Renumbered~~ Definitions

**ARTICLE 4. MEDICAL ASSISTANTS**

Section

~~R4-16-401.~~ Definitions

~~R4-16-402.~~ ~~R4-16-401.~~ Medical Assistant Training Requirements

~~R4-16-403.~~ ~~R4-16-402.~~ Authorized Procedures for Medical Assistants

ARTICLE 1. GENERAL PROVISIONS

**R4-16-101. Renumbered Definitions**

Unless context otherwise requires, definitions prescribed under A.R.S. § 32-1401 and the following apply to this Chapter:

“Approved medical assistant training program” means:

An accredited program by one of the following:

The Commission on Accreditation of Allied Health Education Programs (CAAHEP);

The Accrediting Bureau of Health Education Schools (ABHES); or

A medical assisting program accredited by any accrediting agency recognized by the U.S. Department of Education; or

A training program designed and offered by a licensed allopathic physician, that meets or exceeds any of the prescribed accrediting programs, and verifies the entry-level competencies of a medical assistant prescribed under R4-16-402(A).

ARTICLE 4. MEDICAL ASSISTANTS

**R4-16-401. Definitions**

For the purposes of A.R.S. Title 32, Chapter 13 and of this Chapter, unless the context otherwise requires:

~~“Approved medical assistant training program” means a program accredited by the Commission on Accreditation of Allied Health Education Programs (CAAHEP), the Accrediting Bureau of Health Education Schools (ABHES), a medical assisting program accredited by any accrediting agency recognized by the United States Department of Education, or a training program designed and offered by a licensed allopathic physician, that meets or exceeds any of these three accrediting programs, and verifies the entry level competencies of a medical assistant referenced in R4-16-303.~~

**~~R4-16-402. R4-16-401. Medical Assistant Training Requirements~~**

A. ~~The~~ A supervising physician or physician assistant shall ensure that a medical assistant satisfies one of the following training requirements ~~prior to the medical assistant’s employment before employing the medical assistant:~~

1. ~~Completion of an approved medical assistant training program.~~
2. ~~Completion of an unapproved medical assistant training program and passage of the medical assistant examination administered by either the American Association of Medical Assistants or the American Medical Technologists.~~

B. This ~~rule~~ Section does not apply to any person who:

1. ~~Prior to the effective date of these rules completed an unapproved medical assistant training program and was employed as a medical assistant since completion of the program.~~
2. ~~Prior to the effective date of these rules was directly supervised by the same physician, group of physicians, or physician assistant for at least 2000 hours.~~
3. ~~Completes a medical services training program of the Armed Forces of the United States:~~
  1. ~~Before February 2, 2000:~~
    - a. Completed an unapproved medical assistant training program and was employed as a medical assistant after program completion; or
    - b. Was directly supervised by the same physician, physician group, or physician assistant for a minimum of 2000 hours; or
  2. Completes a U.S. armed forces medical services training program.

**~~R4-16-403. R4-16-402. Authorized Procedures for Medical Assistants~~**

A. ~~A medical assistant may perform, under the direct supervision of a physician or a physician assistant, the medical procedures listed in the April 1999, Commission on Accreditation of Allied Health Education Program’s, “Standards and Guidelines for an Accredited Educational Program for the Medical Assistant, Section (2)(A)(5)(a through c).” The address is 35 East Wacker Drive, Suite 1970, Chicago, Illinois 60601. This material is incorporated by reference, does not include any later amendments or editions of the incorporated matter, and is on file with the Office of the Secretary of State.~~

Incorporation by reference: applicability.

1. The Board incorporates the following by reference:

“Standards and Guidelines for Medical Assisting Education Programs”

2003 revised edition; Section: (III) Resources, (C) Curriculum, (3) Competencies

Published by: Commission on Accreditation of Allied Health Education Programs

35 E. Wacker Dr.

Chicago, IL 60601

2. Materials incorporated by reference under subsection (A)(1) do not include any later addition or amendment as required under A.R.S. § 41-1028(B) and are available from:

a. The publisher at [www.caahep.org](http://www.caahep.org); or

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- b. The Arizona Medical Board at:
    - i. 9545 E. Doubletree Ranch Rd.  
Scottsdale, AZ 85258; or
    - ii. [www.azmdboard.org](http://www.azmdboard.org).
  - 3. Applicability. A medical assistant under direct supervision of a physician or physician assistant may perform procedures according to standards prescribed under subsection (A)(1).
- B. No change

**NOTICE OF PROPOSED RULEMAKING**

**TITLE 6. ECONOMIC SECURITY**

**CHAPTER 7. DEPARTMENT OF ECONOMIC SECURITY  
CHILD SUPPORT ENFORCEMENT**

[R05-152]

**PREAMBLE**

**1. Sections Affected**

**Rulemaking Action**

Article 1	New Article
R6-7-101	New Section
R6-7-102	New Section
Article 6	New Article
R6-7-601	New Section
R6-7-602	New Section
R6-7-603	New Section
R6-7-604	New Section
R6-7-605	New Section
R6-7-606	New Section
R6-7-607	New Section
R6-7-608	New Section
R6-7-609	New Section
Article 7	New Article
R6-7-701	New Section
R6-7-702	New Section
R6-7-703	New Section
R6-7-704	New Section
R6-7-705	New Section
R6-7-706	New Section
R6-7-707	New Section
R6-7-708	New Section
R607-709	New Section
R6-7-710	New Section
R6-7-711	New Section
R6-7-712	New Section
R6-7-713	New Section
R6-7-714	New Section
R6-7-715	New Section
R6-7-716	New Section

**2. The statutory authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):**

Authorizing Statutes: A.R.S. § 41-1954(A)(3)

Implementing Statutes: A.R.S. § 46-408

**3. A list of all previous notices appearing in the Register addressing the proposed rule:**

Notice of Rulemaking Docket Opening: 10 A.A.R. 4119, October 8, 2004

**4. The name and address of the agency personnel with whom persons may communicate regarding the rulemaking:**

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Or

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**5. An explanation of the rule, including the agency's reasons for initiating the rule:**

This rule shows how all child support monies received by the Title IV-D Agency in Title IV-D child support cases are distributed and disbursed under the federally mandated child support distribution laws. The distribution and disbursement process conforms to federal distribution and disbursement law requirements. This rule does not apply to non-Title IV-D child support cases.

On August 22, 1996, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, P.L. 104-193, passed by Congress and approved by the President, became effective. This federal legislation made significant changes to the distribution and disbursement of child support in child support cases governed by Title IV-D of the Social Security Act. Additional clarification regarding the distribution of support was provided in Action Transmittal 97-17, issued by the U.S. Department of Health and Human Services on October 21, 1997. Additional technical amendments were made to child support distribution in Title IV-D cases as a result of passage of The Balanced Budget Act of 1997, P.L. 105-33. State legislation was enacted to amend A.R.S. § 46-408 to prescribe how support should be distributed in conformity with federal law.

The distribution mandated by PRWORA is a "family first" model. It mandates that certain child support payments be paid to the family first before the state can retain assigned arrearages to reimburse public assistance paid to the family. Paying the family first helps families who are transitioning off Temporary Assistance for Needy Families (TANF) by providing them with additional resources. These distribution requirements took effect on October 1, 1997 and have been applied to payments with receipt dates on and after October 1, 1997. Federal legislation provided for implementation of the distribution changes in two phases. The first phase began on October 1, 1997 and continued through September 30, 2000. The second and final phase began on October 1, 2000.

Article 1 defines terms used throughout the distribution rule. Distribution is the application of support and related collections to one or more specific obligations or debts. Disbursement is the payment of monies to an obligee or other appropriate recipient. Article 1 also provides that interest does not accrue and will not be paid on support and related payments held by the Clearinghouse for disbursement unless state or federal statute requires the payment of interest.

Article 6 indicates the sequence in which support is applied or distributed to obligations in a Title IV-D case. The rule also addresses how arrearage payments in a Title IV-D case are applied and prescribes the month in which a payment should be credited. The rule also details how to allocate monies received from a federal income tax refund offset when the amount of the offset is not enough to pay support to multiple obligees of a single obligor. The rule also explains the distribution of futures and prepaid support, distribution of support in a Title IV-E foster care case, and distribution in cases in which support is not assigned.

R6-7-701 shows the order of disbursement of child support when the Department receives support or related payments, lists the categories of recipients of support monies, and provides the circumstances under which certain monies can be temporarily held for valid reasons. The rule explains how the Title IV-D Agency will handle support payments if payments to the obligee are returned as undeliverable. The rule establishes the procedures for disbursement of monies received by income withholding orders and other sources, and prescribes the time in which the Department must disburse payments received.

The rule details the order in which the Title IV-D Agency disburses support in never, former, and current assistance cases. Distribution differs in these periods as a result of federal and state requirements. The allocation of accrued interest on the different types of arrearages is specified. Due to a change in federal child support policy from the Office of Child Support Enforcement in the U.S. Department of Health and Human Services, payment of handling fees is lowered in the algorithm for monies collected in never assistance, former assistance, and current assistance cases, to after arrearages are paid for support collected on and after January 1, 2003. The rule also prescribes the method for unassigning arrearages when a family stops receiving cash assistance.

The Department of Economic Security is making this rulemaking to inform parties with Title IV-D support cases regarding how support is distributed and disbursed to them in each type of case and to enhance their understanding of the Title IV-D Agency's procedures. This rulemaking supplements state statutory provisions dealing with the distribution and disbursement of support.

**6. A reference to any study relevant to the rule that the agency reviewed and either proposes to rely on or not rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:**

The Department did not rely on or review any studies relating to this rule.

**7. A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:**

This rule has no impact on the authority of political subdivisions.

**8. The preliminary summary of the economic, small business, and consumer impact:**

This rule deals with how support in Title IV-D cases is distributed and disbursed. The rule will not increase or decrease costs for businesses. The Department of Economic Security has incurred minimal costs to write the distribution and disbursement of support rule. This rule will have a minimal impact on the Department. This rule may have a positive impact on business because obligees will have more disposable income from support received to spend on products and services in the business sector.

Former recipients of public assistance will receive payment of specific support arrearages prior to the state of Arizona retaining assigned arrearages to reimburse public assistance. In most cases, the Department of Economic Security retains support for reimbursement of public assistance only after the family has received payment of those arrearages not assigned to the state. In addition, the economic impact on the state's economy, of expenditures made by obligees in Title IV-D cases from support payments received, is believed to be substantial, but has not been quantified. There are over 274,000 open Title IV-D child support cases in the state of Arizona. These cases involve over 548,000 obligors and obligees. The Arizona Tracking and Location Automated System disbursed over \$250,000,000 in FY 2003 to custodial parents in Title IV-D cases. This rule will benefit families who have stopped receiving cash assistance because the families will receive most support arrearages first before the Department retains arrearages to reimburse cash assistance. The distribution and disbursement rule benefits obligors and obligees in Title IV-D cases by providing a clear, concise rule governing the distribution and disbursement of support to families in Title IV-D child support cases.

**9. The name and address of agency personnel with whom persons may communicate regarding the accuracy of the economic, small business, and consumer impact statement:**

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**10. The time, place, and nature of the proceedings for the making, amendment, or repeal of the rule, or if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:**

The Department will conduct an oral proceeding on the proposed rule if a written request is submitted within 30 days of the date of this publication to the person named in item 4. Written comments may be submitted to the Department for at least 30 days after the date of this publication to the person named in item 4.

**11. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:**

Not applicable

**12. Incorporations by reference and their location in the rules:**

45 CFR 302.51(b) is incorporated by reference and is cited in R6-7-101 (19) and R6-7-606.

45 CFR 302.52 is incorporated by reference and is cited in R6-7-608.

**13. The full text of the rules follows:**

**TITLE 6. ECONOMIC SECURITY**

**CHAPTER 7. DEPARTMENT OF ECONOMIC SECURITY  
CHILD SUPPORT ENFORCEMENT**

**ARTICLE 1. GENERAL PROVISIONS**

Section

R6-7-101.

Definitions

R6-7-102.

Interest on Support and Related Payments

**ARTICLE 6. TITLE IV-D DISTRIBUTION**

Section

<u>R6-7-601.</u>	<u>Distribution</u>
<u>R6-7-602.</u>	<u>Receipt and Use of Foreign Currency or Other Foreign Payment</u>
<u>R6-7-603.</u>	<u>Allocation of Monies Received from Federal Income Tax Refund Offset to Arrearages</u>
<u>R6-7-604.</u>	<u>Allocation of Other Than Internal Revenue Service Payments to Multiple Obligees</u>
<u>R6-7-605.</u>	<u>Distribution of Monies Received from Federal Income Tax Refund Offset to Arrearages</u>
<u>R6-7-606.</u>	<u>Distribution of Futures</u>
<u>R6-7-607.</u>	<u>Distribution of Prepaid Support</u>
<u>R6-7-608.</u>	<u>Distribution in Title IV-E Cases</u>
<u>R6-7-609.</u>	<u>Distribution in Current Assistance Cases with a Child Exempt From Assignment</u>

**ARTICLE 7. TITLE IV-D DISBURSEMENT**

Section

<u>R6-7-701.</u>	<u>Disbursement</u>
<u>R6-7-702.</u>	<u>Disbursement in Never Assistance Cases Through December 31, 2002</u>
<u>R6-7-703.</u>	<u>Disbursement in Never Assistance Cases on and after January 1, 2003</u>
<u>R6-7-704.</u>	<u>Disbursement in Current Assistance Cases Through December 31, 2002</u>
<u>R6-7-705.</u>	<u>Disbursement in Current Assistance Cases on and after January 1, 2003</u>
<u>R6-7-706.</u>	<u>Disbursement in Current Assistance Cases with a Child Exempt From Assignment</u>
<u>R6-7-707.</u>	<u>Disbursement Under Federal Law from October 1, 1997, Through September 30, 2000, for Former Assistance Cases</u>
<u>R6-7-708.</u>	<u>Disbursement Under Federal Law from October 1, 2000, Through December 31, 2002, for Former Assistance Cases</u>
<u>R6-7-709.</u>	<u>Disbursement Under Federal Law on and after January 1, 2003, for Former Assistance Cases</u>
<u>R6-7-710.</u>	<u>Disbursement Under Federal Law from October 1, 1997, Through September 30, 2000, of Federal Income Tax Refund Offsets</u>
<u>R6-7-711.</u>	<u>Disbursement Under Federal Law on and After October 1, 2000, of Federal Income Tax Refund Offsets</u>
<u>R6-7-712.</u>	<u>Caretaker Disbursement</u>
<u>R6-7-713.</u>	<u>Past Support Judgments</u>
<u>R6-7-714.</u>	<u>Interest on Arrearages</u>
<u>R6-7-715.</u>	<u>Unassigned Arrearages</u>
<u>R6-7-716.</u>	<u>Interstate Collections in UIFSA Cases</u>

**R6-7-101. Definitions**

The following definitions apply in this Chapter unless otherwise provided in a specific Article of this Chapter:

1. "Allocation" is the prorated division of collections.
2. "Arrearages" means unpaid amounts of support owed.
3. "Assistance unit" means a group of persons whose needs, income, resources, and other circumstances are considered as a whole for the purpose of determining eligibility and benefit amount for cash assistance.
4. "Business day" means a day on which state offices are open for regular business. A.R.S. § 46-408.
5. "Caretaker" means an individual other than a parent in a Title IV-D case who has physical custody of a child and may have the right to support of that child under A.R.S. § 46-444.
6. "Cash assistance" means temporary payments for needy families paid to a recipient for the purpose of meeting basic living expenses, as described by the Department at 6 A.A.C. 12.
7. "Child Not on Grant" means a child who:
  - a. Resides with an assistance unit receiving cash assistance.
  - b. Is not eligible for cash assistance due to the receipt of social security income, and
  - c. Is exempt from the assignment under A.R.S. § 46-407.
8. "Child Support Case Registry" or "Registry" means certain automated records of all Title IV-D cases, and all other cases in which a support order is established, modified, or registered in Arizona on or after October 1, 1998. A.R.S. § 46-442.
9. "Conditionally assigned arrearages" are arrearages that:
  - a. Do not exceed the total cumulative amount of unreimbursed cash assistance paid to a family as of the date the family stops receiving cash assistance, and;
  - b. Were temporarily assigned arrearages, and;
  - c. Became conditionally assigned on the date that the family stopped receiving cash assistance or October 1, 2000.

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- whichever date is later.
10. “Current assistance case” means a Title IV-D case in which an assistance unit is currently receiving cash assistance.
  11. “Current support” means the monthly amount of money ordered by a court or an administrative entity for the support of a child, spouse or former spouse.
  12. “Department” means the Department of Economic Security.
  13. “Disbursement” means the payment of monies to an obligee or other appropriate recipient.
  14. “Distribution” means application of support and related collections to one or more specific obligations or debts.
  15. “F.A.A.” means the Family Assistance Administration, the entity within the Department responsible for administering the Department’s Cash Assistance Program.
  16. “Federal income tax refund offset” means the intercept of Internal Revenue Service income tax refunds to pay support as provided in 26 U.S.C. 6402 and 42 U.S.C. 664.
  17. “Fees and costs” means amounts ordered by the court or administrative entity or agreed to be paid to the Title IV-D Agency for genetic testing, service of process, or other expenses.
  18. “Former assistance case” means a Title IV-D case in which an assistance unit formerly received cash assistance and is no longer receiving cash assistance.
  19. “Futures” means an amount of support received by the Title IV-D Agency, excluding any federal or state income tax refund offset, which when received exceeds the amount of current support owed in a Title IV-D case with no arrearages or other unpaid obligations as stated in 45 CFR 302.51(b) (Office of the Federal Register, National Archives and Records Administration, October 1, 2004), which is incorporated by reference and on file with the Department. This incorporation by reference does not include any later amendments or editions. Futures do not include prepaid support.
  20. “Handling fee” means the monthly charge prescribed in A.R.S. § 25-510, that is payable to the Title IV-D Agency’s Clearinghouse.
  21. “Income withholding order” means an order that directs an obligor’s employer, payor, or the obligor to withhold monies from the obligor’s income.
  22. “Initiating state” means a state from which a proceeding is forwarded or in which a proceeding is filed for forwarding to a responding state under A.R.S. Title 25, Chapter 5, Article 4 or a law or procedure substantially similar to that Article, the uniform reciprocal enforcement of support act or the revised uniform reciprocal enforcement of support act, A.R.S. § 25-621.
  23. “Injured spouse claim” means a written request from the spouse of an obligor stating that the spouse has an interest in an income tax refund based on a joint income tax return.
  24. “IRS tax reversal” means a rescission by the Internal Revenue Service of a federal income tax refund offset that was previously received by the Title IV-D Agency.
  25. “Issuing state” means the state in which a tribunal issues a support order or renders a judgment determining parentage, A.R.S. § 25-621.
  26. “Medical assistance” means benefits received from a state agency under Title XIX of the Social Security Act.
  27. “Medical support judgment” means a judgment for the costs of medical insurance coverage or uncovered medical expenses of the child.
  28. “Never assigned arrearages” means arrearages that:
    - a. Accrue in a never assistance case, or in a former assistance case after an assistance unit’s most recent period of cash assistance ends, and;
    - b. Are not assigned.
  29. “Never assistance case” means a Title IV-D case in which a family never received cash assistance, but could be receiving or has received medical assistance under Title XIX of the Social Security Act.
  30. “Nonobligated spouse” means the spouse who filed an Arizona state income tax return jointly with an obligor.
  31. “Non-periodic payment” means a non-recurring amount or one that is not paid at regular intervals.
  32. “Obligee” means a person or agency entitled to receive support, A.R.S. § 25-500.
  33. “Obligor” means a person obligated to pay support, A.R.S. § 25-500.
  34. “OCSE” means the Office of Child Support Enforcement in the United States Department of Health and Human Services.
  35. “Order” means a legal directive issued by an officer or entity.
  36. “Past support” means the amount of support reduced to a written judgment for the care and support of a child for the period before a current child support order is established.
  37. “Permanently assigned arrearages” means arrearages that do not exceed the total cumulative amount of unreimbursed cash assistance paid to an assistance unit at the time the assistance unit leaves assistance and:
    - a. Accrued before the family received assistance and were assigned to the state before October 1, 1997, or;
    - b. Accrue during any period in which the assistance unit received cash assistance and were assigned to the state on or after October 1, 1997.
  38. “Pregnancy and childbirth expenses” means the costs of pregnancy and childbirth, which may be reduced to a written judgment under A.R.S. § 25-809.

39. “Pregnancy and childbirth judgment” means a final court order for the costs of pregnancy and childbirth.
40. “Prepaid support” means payments for monthly support that the obligor or the obligor’s agent designate in writing as payments for support in future months, even in cases with arrearages.
41. “Related payments” means monies other than support received under an order or agreement.
42. “Responding state” means a state in which a proceeding is filed or to which a proceeding is forwarded for filing from an initiating state under A.R.S. Title 25, Chapter 5, Article 4 or a law substantially similar to that Article, the uniform reciprocal enforcement of support act or the revised uniform reciprocal enforcement of support act. A.R.S. § 25-621.
43. “Spousal maintenance” or “spousal support” means an amount of money ordered under A.R.S. § 25-319 or a similar law of another state, for the support or maintenance of a spouse or former spouse.
44. “State” means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands or any territory or insular possession subject to the jurisdiction of the United States. State includes an Indian tribe and includes a foreign jurisdiction that has enacted a law or established procedures for issuance and enforcement of support orders that are substantially similar to the procedures under A.R.S. Title 25, Chapter 5, Article 4, the uniform reciprocal enforcement of support act or the revised uniform reciprocal enforcement of support act. A.R.S. § 25-621.
45. “Support” means the provision of maintenance or subsistence and includes medical insurance coverage and uncovered medical costs for the child, arrearages, interest on arrearages, past support, interest on past support and reimbursement for expended public assistance. In a Title IV-D case, support includes spousal maintenance or spousal support that is included in the same order that directs child support. A.R.S. § 25-500.
46. “Support Payment Clearinghouse” or “Clearinghouse” means the state disbursement unit for the Title IV-D Agency established under A.R.S. § 46-441 to collect and disburse all payments under support orders or agreements.
47. “Temporarily assigned arrearages” means arrearages that:
  - a. Do not exceed the total cumulative amount of unreimbursed cash assistance paid to an assistance unit as of the date the it stops receiving cash assistance, and;
  - b. Accrue before any period in which the assistance unit receives cash assistance for arrearages assigned to the state on or after October 1, 1997, and;
  - c. Are not permanently assigned arrearages, and;
  - d. The temporary assignment expires on October 1, 2000, or when the assistance unit stops receiving cash assistance, whichever is later.
48. “Temporary assistance for needy families” (TANF) means assistance granted under § 403 of Title IV of the Social Security Act, as it exists after August 21, 1996. A.R.S. § 46-101.
49. “Title IV-A” means Title IV-A of the Social Security Act, 42 U.S.C. 601 et seq.
50. “Title IV-D” means Title IV-D of the Social Security Act, 42 U.S.C. 651 et seq.
51. “Title IV-D Agency” means the Division of Child Support Enforcement and all of its contracting entities that administer Title IV-D services.
52. “Title IV-E” means Title IV-E of the Social Security Act, 42 U.S.C. 670 et seq.
53. “Title XIX” means Title XIX of the Social Security Act, 42 U.S.C. 1396 et seq.
54. “Tribunal” means a court, administrative agency or quasi-judicial entity authorized to establish, enforce or modify support orders or to determine parentage. A.R.S. § 25-621.
55. “UIFSA” means the uniform interstate family support act, A.R.S. §§ 25-621 et seq.
56. “Unassigned arrearages” means previously permanently assigned and temporarily assigned arrearages that exceed the total cumulative amount of unreimbursed cash assistance paid to a family as of the date the family stops receiving cash assistance and includes both unassigned during-assistance arrearages and unassigned pre-assistance arrearages.
57. “Unassigned during-assistance arrearages” means all previously permanently assigned arrearages that:
  - a. Exceed the total cumulative amount of unreimbursed cash assistance paid to an assistance unit as of the date the assistance unit stops receiving cash assistance, and;
  - b. Accrue during any period in which the assistance unit receives cash assistance for arrearages assigned to the state on or after October 1, 1997.
58. “Unassigned pre-assistance arrearages” means all previously temporarily assigned arrearages that:
  - a. Exceed the total cumulative amount of unreimbursed cash assistance paid to an assistance unit as of the date the assistance unit stops receiving cash assistance, and;
  - b. Accrue before any period in which the assistance unit receives cash assistance for arrearages assigned to the state on or after October 1, 1997.
59. “Unreimbursed cash assistance” means the total, cumulative amount of cash assistance for which the state of Arizona has not received reimbursement.
60. “Voluntary payment” means monies received by the Title IV-D Agency on behalf of a child for whom no order for support is established.

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**R6-7-102. Interest on Support and Related Payments**

Interest shall not accrue on support and related payments retained by the Clearinghouse for disbursement and the Clearinghouse shall not pay interest on these monies unless state or federal statutes require payment of interest.

**ARTICLE 6. TITLE IV-D DISTRIBUTION**

**R6-7-601. Distribution**

**A.** The Title IV-D Agency shall distribute monies collected in a Title IV-D case in accordance with state and federal law and the provisions of this Article in the following sequence to:

1. Current child support;
2. Current spousal maintenance;
3. Child support arrearage and past support judgments and the corresponding interest;
4. Spousal maintenance arrearage judgments and the corresponding interest;
5. Pregnancy and childbirth judgments and the corresponding interest;
6. Medical support judgments and the corresponding interest;
7. Child support arrearages not reduced to a written judgment and the corresponding interest;
8. Spousal maintenance arrearages not reduced to a written judgment and the corresponding interest;
9. Current month's handling fee;
10. Handling fees owed to the Support Payment Clearinghouse;
11. IRS tax reversals;
12. Other fees or costs; and
13. Futures.

**B.** Arrearage payments distributed in a Title IV-D case are applied first to the principal and then to the interest that accrued on that principal in the following order:

1. The oldest written judgment's principal and interest and then to each successive written judgment's principal and interest.
2. Arrearages not reduced to a written judgment and the corresponding interest.

**C.** The Title IV-D Agency shall credit amounts received as support from the obligor as the required support obligation for the month in which they are received unless they are submitted by an employer. Payments submitted by an employer as the result of an income withholding order are considered received in the month in which the income was withheld by the employer. The date of receipt for income withholding order payments is the last day of the pay period from which the payment is withheld.

**D.** A voluntary payment received in a cash assistance case shall be retained by the Title IV-D Agency and shared with the federal government. Any monies received in excess of cash assistance owed to the state and federal government shall be paid to the obligee.

**R6-7-602. Receipt and Use of Foreign Currency or Other Foreign Payment**

**A.** An obligor acting under an order for support issued by a court or an administrative entity in the U.S. shall pay support and other obligations in U.S. dollars. If the obligor pays in a foreign currency, check, draft or other negotiable form of payment, the Title IV-D Agency shall give the obligor credit for the U.S. dollar equivalent of the foreign currency, check, draft or other negotiable form of payment tendered. The U.S. dollar equivalent is based on the conversion rate used by the state's bank on the date the payment is received.

**B.** If an obligor tenders payment in a foreign currency, draft, check or other negotiable form of payment under a U.S. support order and the equivalent value in U.S. dollars is less than the ordered amount, the difference between the ordered amount and the amount tendered constitutes an unpaid amount owed.

**C.** If an obligor tenders payment in a foreign currency, draft, check or other negotiable form of payment under a U.S. support order, and the equivalent value in U.S. dollars is more than the ordered amount, the Title IV-D Agency shall distribute the excess amount according to R6-7-601(A).

**D.** If an obligor tenders payment in the required foreign currency, draft, check or other negotiable form of payment under a foreign support order, the amount tendered constitutes payment of the ordered amount regardless of the conversion value in U.S. dollars.

**E.** The Clearinghouse shall disburse support and related payments paid to the Clearinghouse in U.S. dollars.

**R6-7-603. Allocation of Monies Received from Federal Income Tax Refund Offset to Arrearages**

If monies received from a federal income tax refund offset do not satisfy the total arrearages for all cases submitted by the Title IV-D Agency to OCSE for payment owed by an obligor to multiple obligees, the Title IV-D Agency shall make a proportionate allocation to each obligee whose case was submitted for federal income tax refund offset. The Title IV-D Agency shall determine the proportionate share by dividing the total arrearages owed to each obligee by the total arrearages owed by the obligor and multiplying the resulting percentage by the amount of the federal income tax refund offset.

**R6-7-604. Allocation of Other Than Internal Revenue Service Payments to Multiple Obligees**

- A.** If the Title IV-D Agency receives a support payment not paid by an income withholding order that is undesignated as to case or obligee and it does not satisfy the total current support owed by one obligor to multiple obligees, the Title IV-D Agency shall use the following procedure to determine the amount of support to be allocated to each obligee:
1. Add the current support owed by the obligor to all obligees.
  2. Divide the current support that the obligor owes to each obligee by the total current support that the obligor owes to all obligees.
  3. Multiply the resulting percentage by the payment.
- B.** If the Title IV-D Agency receives a support payment not paid by an income withholding order that is undesignated as to case or obligee and it does not satisfy the total arrearages or past support owed by one obligor to multiple obligees, the Title IV-D Agency shall use the following procedure to determine the amount of support allocated to each obligee:
1. Add the arrearages owed by the obligor to all obligees.
  2. Divide the arrearages that the obligor owes to each obligee by the arrearages that the obligor owes to all obligees.
  3. Multiply the resulting percentage by the arrearage or past support payment.
- C.** The Title IV-D Agency shall not use this procedure if:
1. The payment source is an income withholding order and the employer or payor has allocated under A.R.S. §§ 25-504 or 25-505.01; or
  2. The case is governed by R6-7-715; or
  3. The support owed to an obligee was not submitted for the enforcement action that resulted in the collection.

**R6-7-605. Distribution of Monies Received from Federal Income Tax Refund Offset to Arrearages**

If the federal income tax refund offset received from the Internal Revenue Service on behalf of an obligor is greater than the total arrearages owed for all cases submitted for federal income tax refund offset, the Title IV-D Agency shall refund any excess monies to the obligor, unless the obligor agrees in writing that the monies may be applied to other obligations owed.

**R6-7-606. Distribution of Futures**

The Title IV-D Agency shall apply futures as provided in 45 CFR 302.51(b) (Office of the Federal Register, National Archives and Records Administration, October 1, 2004), which is incorporated by reference and on file with the Department. This incorporation by reference does not include any later amendments or editions. The Title IV-D Agency shall also follow the same regulation in never assistance and former assistance cases.

**R6-7-607. Distribution of Prepaid Support**

- A.** Payments shall be treated as prepaid support only if there is no alternative that would allow for prompt payment of support owed to an obligee in a future month.
- B.** The Title IV-D Agency shall release any prepaid support in the applicable future month for distribution under R6-7-601 (A).

**R6-7-608. Distribution in Title IV-E Cases**

- A.** The Department shall retain monies collected in a Title IV-E case for reimbursement of Title IV-E expenditures under A.R.S. § 8-243.02.
- B.** While a case is current Title IV-E, all support collected shall be disbursed in accordance with 45 CFR 302.52 (Office of the Federal Register, National Archives and Records Administration, October 1, 2004), which is incorporated by reference and on file with the Department. This incorporation by reference does not include any later amendments or editions. If the collection is more than the current monthly support and exceeds the total Title IV-E expenditures, then the collection shall be used to pay any arrearages assigned to the state under A.R.S. § 46-407. Any excess in a current Title IV-E case shall be paid to the Title IV-E Agency for the benefit of the Title IV-E child.
- C.** When a case is former Title IV-E and former assistance with arrearages assigned to the state under A.R.S. §§ 46-407 and 8-243.02, arrearage collections shall be first applied to the arrearages assigned under A.R.S. § 46-407.

**R6-7-609. Distribution in Current Assistance Cases with a Child Exempt From Assignment**

- A.** In a current assistance case when a child is determined to be a Child Not on Grant, current support collected for a Child Not on Grant shall be distributed on or after the end of the month in which it is collected. Arrearages that accrue and are collected while the assistance unit is receiving cash assistance shall be distributed on or after the end of the month in which the arrearages are collected.
- B.** If a child support order for a Child Not on Grant covers children who are not subject to A.R.S. § 46-407(B), the Title IV-D agency shall divide the child support order by the number of children in the order. The Title IV-D Agency shall distribute the prorated share of the child support collected for the benefit of the Child Not on Grant.
- C.** Beginning July 1, 2003, for current child support and any child support arrearages that accrue during the period of assistance, the Title IV-D Agency shall distribute the prorated share of child support collected for the benefit of a child who is subject to A.R.S. § 46-292(G), on or after the end of the month in which it is collected.
- D.** If the child support order covers children who are not subject to A.R.S. § 46-292(G), the Title IV-D Agency shall divide

the child support order by the number of children in the order. The Title IV-D Agency shall distribute the prorated share of the child support collected for the benefit of the child subject to A.R.S. § 46-292(G).

**ARTICLE 7. TITLE IV-D DISBURSEMENT**

**R6-7-701. Disbursement**

- A.** The Title IV-D Agency shall disburse support and related payments that the Title IV-D Agency receives in a Title IV-D case to one or more of the following recipients:
1. An obligee or an agent authorized in writing by an obligee or as determined by law;
  2. A Title IV-D agency of a state if the other agency submits a request for support establishment or enforcement services and is authorized to receive support under U.I.F.S.A.;
  3. The federal government, if Arizona is providing or has provided cash assistance to the assistance unit, or a member of the assistance unit, or if Arizona is providing or has provided Title IV-E foster care maintenance payments;
  4. A state, if that state is providing or has provided cash assistance to the assistance unit, not to exceed the total amount of unreimbursed cash assistance;
  5. An obligor, if a refund is appropriate;
  6. A bankruptcy trustee;
  7. A state or federal agency as authorized by law;
  8. A caretaker under Arizona statute and R6-7-711.
- B.** The Title IV-D Agency shall issue payments due to an obligee at the last known address filed with the Child Support Case Registry or the last address known to F.A.A.
- C.** If a payment to the obligee is returned to the Title IV-D Agency because it was undeliverable, the Title IV-D Agency shall make a reasonable effort to locate the obligee for the period authorized in A.R.S. § 25-503.
- D.** If the Title IV-D Agency is unable to locate the obligee by the end of the period authorized in A.R.S. § 25-503, the Title IV-D Agency shall contact the obligor to request oral or written approval to apply the funds to arrearages and any unpaid obligations. If the Title IV-D Agency is unable after reasonable efforts to locate the obligee and obligor, and amounts remain owed to the state, the payments shall be applied to those amounts. Any remaining amounts shall be handled consistent with applicable law.
- E.** If an obligee requests the Title IV-D Agency to directly deposit support in a financial institution and the financial institution returns those monies because the obligee's account is closed, or the financial institution will not accept the deposit, the Title IV-D Agency shall make a reasonable effort to locate the obligee for the period authorized in A.R.S. § 25-503, after receiving notice that the account is closed or that the financial institution will not accept the deposit.
- F.** Neither the return of monies to an obligor due to an inability to locate the obligee, nor the application of monies to arrearages or other support-related debts terminates an obligor's obligation once ordered by a court or administrative entity.
- G.** The Title IV-D Agency shall disburse support that the Title IV-D Agency receives for a current assistance case within two business days of the last day of the month in which the Clearinghouse receives the payment.
- H.** Except as provided in subsections G, I, J, K, L, and M of this Section, the Title IV-D Agency shall disburse support within two business days of receipt by the Clearinghouse unless the Clearinghouse is unable to disburse the support for one or more of the following reasons:
1. The Title IV-D Agency does not have the obligee's current address;
  2. The Title IV-D Agency or its payment posting contractor lacks sufficient information to identify the case to which the payment must be applied;
  3. An action is pending before the Title IV-D Agency to determine whether:
    - a. An administrative income withholding order is enforceable under A.R.S. § 25-505.01; or
    - b. A limited income withholding order is enforceable under A.R.S. § 25-505.
  4. The payment is for futures that federal law requires the Title IV-D Agency to hold for disbursement in a future month, or for prepaid support;
  5. A court or administrative order, bankruptcy stay, or state or federal law requires the Title IV-D Agency to retain support or to use a different disbursement method or time-frame; or
  6. The Title IV-D Agency lacks information regarding a support order, an agreement, or any other obligation owed to the Department;
  7. Support is returned to the Title IV-D Agency or the Clearinghouse due to the obligee's incarceration or because the obligee or only child in the order is deceased;
  8. A check received from an obligor or other payor has previously been dishonored and is not to be accepted under A.R.S. § 25-503;
  9. Other circumstances exist that prevent proper and timely disbursement of support through no fault or lack of diligence on the part of the Title IV-D Agency.

- I.** If a federal income tax refund offset is based on a joint federal income tax return, the Title IV-D Agency shall retain the offset for 180 days after receipt of the refund monies unless the Internal Revenue Service notifies the Title IV-D Agency of the resolution of an injured spouse claim, or until the spouse signs a waiver of any right to claim a portion of the refund. The Title IV-D Agency shall distribute and disburse a federal income tax refund offset that is based on a joint tax return in accordance with R6-7-709 and R6-7-710. The offset collections shall not accrue interest and the Title IV-D Agency shall not pay interest on these monies.
- J.** If a [state income] tax refund is based on a joint income tax return and the Department of Economic Security receives a written claim from the nonobligated spouse within 45 days after the notice of setoff for overdue child support, the setoff only applies to that portion of the refund due to the obligor. The nonobligated spouse shall provide to the Department of Economic Security copies of both the obligated and nonobligated spouse's federal W-2 forms and evidence of estimated tax payments supporting the proportionate share of each spouse's payment of tax. The Department of Economic Security shall retain the amount of the setoff refund due to the obligated spouse determined by a proration based on the tax payments of each spouse by estimated tax payment or tax withheld from wages. A.R.S. § 42-1122
- K.** The Title IV-D Agency shall distribute and disburse an Arizona income tax refund setoff that is based on a joint income tax return in accordance with R6-7-601. The Title IV-D Agency shall not pay interest on these monies except as provided in A.R.S. §§ 42-1122 and 42-1123.
- L.** The Title IV-D Agency shall retain a state lottery prize that has been set off under A.R.S. § 5-525 for 30 days after the date on the notice of setoff and right to appeal as prescribed in A.R.S. § 5-525. The Title IV-D Agency shall not pay interest on these monies except as provided in A.R.S. § 5-525.
- M.** In addition to the reasons for retaining support already stated in this rule, the Title IV-D Agency may retain support for more than two business days if:
1. The amount received is in excess of all amounts due or owing, but is neither futures nor prepaid support;
  2. The obligee's and obligor's financial accounts maintained by the Title IV-D Agency are out of balance;
  3. An obligor has multiple cases and in at least one case has no known obligation to support a child, or a child covered by the support order is receiving social security benefits and is covered under A.R.S. § 46-407;
  4. A personal or business check received for support in one case exceeds \$2,500 and there is no history of checks in excess of \$2,500 clearing in that case. In no event shall the Title IV-D Agency retain these monies for more than 10 business days;
  5. The Title IV-D Agency has received a notice of a stop payment order on a payment; or
  6. The amount to be disbursed in a check is less than \$3.00. When the amount held is more than \$3.00, it will be disbursed in a check.
- N.** If a support payment received by the Title IV-D Agency exceeds all amounts due or owing and is neither futures nor prepaid support, the Title IV-D Agency shall refund the excess to the obligor at the last known address provided to the Child Support Case Registry.
- O.** Unless the obligee cannot be located prior to a case being closed, any undisbursed amounts owed the obligee will be sent by the Title IV-D Agency to the obligee.

**R6-7-702. Disbursement in Never Assistance Cases Through December 31, 2002**

Except as provided in R6-7-710 and R6-7-711 for federal income tax refund offsets, the Title IV-D Agency shall disburse support and related payments collected for an Arizona never assistance case to a recipient of services under Title IV-D or Title XIX of the Social Security Act as follows:

1. First, to current support;
2. Second, to the handling fee for the month in which the Title IV-D Agency receives the support;
3. Third, to never assigned arrearages;
4. Fourth, to fees and costs and unpaid handling fees;
5. Fifth, to futures.

**R6-7-703. Disbursement in Never Assistance Cases on and after January 1, 2003**

Except as provided in R6-7-710 and R6-7-711 for federal income tax refund offsets, the Title IV-D Agency shall disburse support and related payments collected for an Arizona never assistance case to a recipient of services under Title IV-D or Title XIX of the Social Security Act as follows:

1. First, to current support;
2. Second, to never assigned arrearages;
3. Third, to the handling fee for the month in which the Title IV-D Agency receives the support and all other unpaid handling fees;
4. Fourth, to fees and costs;
5. Fifth, to futures.

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**R6-7-704. Disbursement in Current Assistance Cases Through December 31, 2002**

Except as provided in R6-7-710 and R6-7-711 for federal income tax refund offsets, the Title IV-D Agency shall disburse support and related payments collected for an Arizona Title IV-D current assistance case as follows:

1. First to current support assigned to the state of Arizona, not to exceed unreimbursed cash assistance;
2. Second, to the handling fee for the month in which the Title IV-D Agency receives the support;
3. Third, to temporarily assigned arrearages;
4. Fourth, to permanently assigned arrearages;
5. Fifth, to the unassigned arrearages;
6. Sixth, to fees and costs;
7. Seventh, to futures.

**R6-7-705. Disbursement in Current Assistance Cases on and after January 1, 2003**

Except as provided in R6-7-710 and R6-7-711 for federal income tax refund offsets, the Title IV-D Agency shall disburse support and related payments collected for an Arizona Title IV-D current assistance case as follows:

1. First, to current support assigned to the state of Arizona, not to exceed unreimbursed cash assistance;
2. Second, to temporarily assigned arrearages;
3. Third, to permanently assigned arrearages;
4. Fourth, to unassigned arrearages;
5. Fifth, to the handling fee for the month in which the Title IV-D Agency receives the support and all other unpaid handling fees;
6. Sixth, to fees and costs;
7. Seventh, to futures.

**R6-7-706. Disbursement in Current Assistance Cases with a Child Exempt From Assignment**

- A. The Title IV-D Agency shall disburse the prorated share of support received for a Child Not on Grant to the obligee after the end of the month in which it is received.
- B. When a child is determined to be a Child Not on Grant, the unpaid share of support shall accrue as never assigned arrearages.
- C. When a Child Not on Grant is no longer subject to A.R.S. § 46-407(B), and instead is subject to the remaining provisions of A.R.S. §§ 46-407 and 46-408, all previously unpaid arrearages are assigned to the state.
- D. While an assistance unit is receiving cash assistance, the Title IV-D Agency shall disburse the prorated share of support received for a child subject to the provisions of A.R.S. § 46-292(G), to the obligee after the end of the month of current assistance.
- E. When a child in an assistance unit is determined to be subject to the provisions of A.R.S. § 46-292(G), the unpaid prorated share of support shall accrue as never assigned arrearages.

**R6-7-707. Disbursement Under Federal Law from October 1, 1997, Through September 30, 2000, for Former Assistance Cases**

Except as provided in R6-7-710 and R6-7-711 for federal income tax refund offsets, the Title IV-D Agency shall disburse support and related payments for a former cash assistance case as follows:

1. First, to current support assigned to the state of Arizona, not to exceed unreimbursed cash assistance;
2. Second, to the handling fee for the month in which the Title IV-D Agency receives the support;
3. Third, to never assigned arrearages;
4. Fourth, to temporarily assigned arrearages;
5. Fifth, to the permanently assigned arrearages;
6. Sixth, to unassigned arrearages;
7. Seventh, to unpaid handling fees;
8. Eighth, to fees and costs;
9. Ninth, to futures as provided in R6-7-606.

**R6-7-708. Disbursement Under Federal Law from October 1, 2000, Through December 31, 2002, for Former Assistance Cases**

Except as provided in R6-7-710 and R6-7-711 for federal income tax refund offsets, the Title IV-D Agency shall disburse support and related payments for a former cash assistance case, as follows:

1. First, to current support;
2. Second, to the handling fee for the month in which the Title IV-D Agency receives the support;
3. Third, to never assigned arrearages;
4. Fourth, to unassigned pre-assistance arrearages;
5. Fifth, to conditionally assigned arrearages;
6. Sixth, to permanently assigned arrearages;

7. Seventh, to unassigned during-assistance arrearages;
8. Eighth, to fees and costs;
9. Ninth, to futures.

**R6-7-709. Disbursement Under Federal Law on and after January 1, 2003, for Former Assistance Cases**

Except as provided in R6-7-710 and R6-7-711 for federal income tax refund offsets, the Title IV-D Agency shall disburse support and related payments collected for a former assistance case, as follows:

1. First, to current support;
2. Second, to never assigned arrearages;
3. Third, to unassigned pre-assistance arrearages;
4. Fourth, to conditionally assigned arrearages;
5. Fifth, to permanently assigned arrearages;
6. Sixth, to unassigned during-assistance arrearages;
7. Seventh, to the handling fee for the month in which the Title IV-D Agency receives the support and all other unpaid handling fees;
8. Eighth, to fees and costs;
9. Ninth, to futures.

**R6-7-710. Disbursement Under Federal Law from October 1, 1997, Through September 30, 2000, of Federal Income Tax Refund Offsets**

The Title IV-D Agency shall disburse support collected through federal income tax refund offset in accordance with 26 U.S.C. 6402 and 42 U.S.C. 664, as follows:

1. First, to temporarily assigned arrearages;
2. Second, to permanently assigned arrearages; and
3. Third, to never assigned and unassigned arrearages.

**R6-7-711. Disbursement Under Federal Law on and After October 1, 2000, of Federal Income Tax Refund Offsets**

**A.** The Title IV-D Agency shall disburse arrearages collected through federal income tax refund offset in accordance with 26 U.S.C. 6402 and 42 U.S.C. 664, as follows:

1. First, to temporarily or conditionally assigned arrearages owed to the state of Arizona;
2. Second, to permanently assigned arrearages; and
3. Third, to never assigned and unassigned arrearages.

**B.** The Title IV-D Agency shall retain conditionally assigned arrearages collected through the federal income tax refund offset to reimburse the state and federal governments for unreimbursed cash assistance paid to the assistance unit. Conditionally assigned arrearages collected from any source other than a federal income tax refund offset are paid to the obligee.

**R6-7-712. Caretaker Disbursement**

If an obligee with a child support case becomes the caretaker of a child who is not the obligee's biological child, the support and related payments owed to this obligee shall be disbursed by the Title IV-D Agency in accordance with R6-7-703, R6-7-704, R6-7-707, and R6-7-708, whichever is applicable. The support and related payments for the assistance unit shall be disbursed in accordance with R6-7-705.

**R6-7-713. Past Support Judgments**

When a court or an administrative entity orders past support that covers a period in which the obligee was on cash assistance, the amount for that period is assigned to the state and collections shall be distributed in accordance with A.R.S. § 46-408 and disbursed in accordance with this Article. If a child covered by the order was receiving Title IV-E foster care maintenance payments for any of the period covered by the judgment, the amount for that period is assigned to the state and collections shall be distributed in accordance with R6-7-608.

**R6-7-714. Interest on Arrearages**

**A.** The Title IV-D Agency shall retain interest paid on arrearages assigned to the state of Arizona that do not exceed unreimbursed cash assistance.

**B.** From October 1, 1997, through September 31, 2000, the Title IV-D Agency shall allocate the amount of interest on permanently assigned, temporarily assigned, never assigned, and unassigned arrearages based on a proportionate share of the total amount of arrearages owed. The Title IV-D Agency shall determine the percentage allocated to each arrearage type by dividing each arrearage type by the total arrearages, and multiplying the resulting percentages by the total amount of interest accrued.

C. On and after October 1, 2000, the Title IV-D Agency shall allocate the amount of interest on permanently assigned, temporarily assigned, conditionally assigned, never assigned and unassigned arrearages based on a proportionate share of the total amount of arrearages owed. The Title IV-D Agency shall determine the percentage allocated to each arrearage type by dividing each arrearage type by the total arrearages, and multiplying the resulting percentages by the total amount of interest accrued.

**R-6-7-715. Unassigned Arrearages**

A. If a family stops receiving cash assistance, the Title IV-D Agency shall compare unreimbursed cash assistance and assigned arrearages as of the last day of the month when the family leaves assistance. If the total amount of assigned arrearages and accrued interest exceeds unreimbursed cash assistance, the Title IV-D Agency shall unassign the excess amount. These amounts are unassigned arrearages. The Title IV-D Agency shall unassign arrearages as follows:

1. First, from the interest owed on temporarily assigned arrearages;
2. Second, from the corresponding principal of the temporarily assigned arrearages;
3. Third, from the interest owed on permanently assigned arrearages; and
4. Fourth, from the corresponding principal on the permanently assigned arrearages.

B. On and after October 1, 2000, if the Title IV-D Agency unassigns arrearages from temporarily assigned amounts, these amounts are unassigned pre-assistance arrearages. The Title IV-D Agency shall first unassign the interest on arrearages and second unassign the corresponding principal on arrearages.

C. On and after October 1, 2000, if the Title IV-D Agency unassigns arrearages from permanently assigned amounts, these amounts are unassigned during-assistance arrearages. The Title IV-D Agency shall first unassign the interest on arrearages and second unassign the corresponding principal on arrearages.

D. For arrearages assigned before the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the federal government did not require states to track periods of assignment. If the state cannot determine whether the unassigned arrearages were from a pre-assistance period or a during-assistance period, the state shall treat those unassigned arrearages as unassigned pre-assistance arrearages.

**R6-7-716. Interstate Collections in UIFSA Cases**

If Arizona is the responding state, the Title IV-D Agency shall send payments received to the initiating or issuing state pursuant to A.R.S. § 25-644.